Shaping the transformation together.

Volkswagen Group
Volkswagen AG / Volkswagen Financial Services
Asia-Pacific Fixed Income Investor Roadshow, Seoul, 28 November 2018
Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Volkswagen AG

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Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Korea Company Limited

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Gavin Zhong
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to October 2018 vs. 2017)

\(1\) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers by Brands
(January to October 2018 vs. 2017)

**Passenger Cars**
- Volkswagen Group: 8,747,000 vs. 5,042,000 (+2.6%)
- Volkswagen: 5,042,000 vs. 1,539,000 (+1.9%)
- Skoda: 1,539,000 vs. 978,000 (-0.9%)
- Seat: 1,038,000 vs. 449,000 (+6.1%)
- Porsche: 395,000 vs. 206,000 (+13.6%)
- Commercial Vehicles: 206,000 vs. 1,038,000 (+4.1%)

**Commercial Vehicles**
- Volkswagen Group: 8,977,000 vs. 5,140,000 (+2.6%)
- MAN: 5,140,000 vs. 411,000 (+13.6%)
- Commercial Vehicles: 449,000 vs. 409,000 (+6.8%)

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
### Volkswagen Group – Deliveries to Customers by Markets¹)
(January to October 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Markets</th>
<th>January – October 2017</th>
<th>January – October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>8,747</td>
<td>8,977</td>
</tr>
<tr>
<td>Western Europe</td>
<td>3,017</td>
<td>3,048</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>608</td>
<td>660</td>
</tr>
<tr>
<td>North America</td>
<td>800</td>
<td>793</td>
</tr>
<tr>
<td>South America</td>
<td>435</td>
<td>491</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3,559</td>
<td>3,688</td>
</tr>
<tr>
<td>Rest of World</td>
<td>326</td>
<td>297</td>
</tr>
</tbody>
</table>

¹) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
## Volkswagen Group – Key Financial Figures
*(January to September 2018 vs. 2017)*

<table>
<thead>
<tr>
<th>Thousand vehicles / € million</th>
<th>2018</th>
<th>2017 2)</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicle Sales</strong> 3)</td>
<td>8,123</td>
<td>7,913</td>
<td>+2.7</td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td>174,577</td>
<td>170,065</td>
<td>+2.7</td>
</tr>
<tr>
<td><strong>Operating profit before Special Items</strong></td>
<td>13,306</td>
<td>13,231</td>
<td>+0.6</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.6</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>10,871</td>
<td>10,636</td>
<td>+2.2</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.2</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>1,647</td>
<td>-347</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result 3)</td>
<td>2,448</td>
<td>2,378</td>
<td>+2.9</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-800</td>
<td>-2,725</td>
<td>+70.6</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>12,518</td>
<td>10,290</td>
<td>+21.7</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.2</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>9,376</td>
<td>7,543</td>
<td>+24.3</td>
</tr>
</tbody>
</table>

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1) All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

2) Prior-year figures were adjusted due to IFRS changes.

3) Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,330 million (€3,305 million).
Volkswagen Group – Analysis of Operating Profit\(^1\)
(January to September 2018 vs. 2017)

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \(^\star\) without FS \(^\star\star\) including PPA
Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)  
(January to September 2018)

\(^1\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Automotive Division Net Cash Flow Development\(^1\)\(^2\)
(January to September 2018)

<table>
<thead>
<tr>
<th></th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>14.9</td>
</tr>
<tr>
<td><strong>Capex (^3)</strong></td>
<td>-7.9 (5.3%)</td>
</tr>
<tr>
<td><strong>Capitalized development costs</strong></td>
<td>-3.5</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Net cash flow before equity investments</strong></td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Acquisition and disposal of equity investments</strong></td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>3.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flow from operating activities</th>
<th>Capex (^3)</th>
<th>Capitalized development costs</th>
<th>Other</th>
<th>Net cash flow before equity investments</th>
<th>Acquisition and disposal of equity investments</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8.0</td>
<td>-7.1 (4.9%)</td>
<td>-4.2</td>
<td>0.3</td>
<td>-2.9</td>
<td>-0.0</td>
<td>-2.9</td>
</tr>
</tbody>
</table>

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.  
\(^2\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.  
\(^3\) Capital expenditure for property, plant and equipment in % of Automotive sales revenue.
Automotive Division – Net Cash Flow drives solid Net Liquidity\(^1\)
(January to September 2018)

\(^1\)All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
## Volkswagen Group – Analysis by Business Line

(January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales (thousand vehicles)</th>
<th>Sales revenue (€ million)</th>
<th>Operating profit (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,753</td>
<td>2,632</td>
<td>62,508</td>
</tr>
<tr>
<td>Audi</td>
<td>1,107</td>
<td>1,147</td>
<td>44,257</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>698</td>
<td>700</td>
<td>12,598</td>
</tr>
<tr>
<td>SEAT</td>
<td>462</td>
<td>436</td>
<td>7,744</td>
</tr>
<tr>
<td>Bentley</td>
<td>7</td>
<td>7</td>
<td>1,092</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>190</td>
<td>180</td>
<td>17,507</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>337</td>
<td>371</td>
<td>8,572</td>
</tr>
<tr>
<td>Scania</td>
<td>69</td>
<td>65</td>
<td>9,634</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>98</td>
<td>80</td>
<td>8,599</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td>VW China</td>
<td>3,021</td>
<td>2,917</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-619</td>
<td>-623</td>
<td>-25,059</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>24,635</td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>8,123</td>
<td>7,913</td>
<td>174,577</td>
</tr>
<tr>
<td>Automotive Division</td>
<td>8,123</td>
<td>7,913</td>
<td>148,424</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,625</td>
<td>7,400</td>
<td>119,646</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>498</td>
<td>513</td>
<td>26,289</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>26,153</td>
</tr>
</tbody>
</table>

### Notes

1. All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
3. Including financial services.
4. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
5. Including depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.

Volkswagen Group – Analysis by Business Line

(January to September 2018 vs. 2017)
Volkswagen Group – Outlook for 2018

Deliveries to customers
('000 vehicles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10,297</td>
</tr>
<tr>
<td>2017</td>
<td>10,741</td>
</tr>
</tbody>
</table>

Sales revenue
(€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>217.3</td>
</tr>
<tr>
<td>2017</td>
<td>230.7</td>
</tr>
</tbody>
</table>

Operating return on sales
(%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7 1)</td>
</tr>
<tr>
<td>2017</td>
<td>7.4 1)</td>
</tr>
</tbody>
</table>

1) before Special Items. 2) Operating return on sales after Special Items is expected to be moderately below that range.

Deliveries to customers
moderately above prior year

Sales revenue
by as much as 5% year-on-year

Operating return on sales
between 6.5% to 7.5% before Special Items 2)

Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

<table>
<thead>
<tr>
<th>Million Units</th>
<th>USA</th>
<th>Western Europe</th>
<th>Russia</th>
<th>World</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>84.5</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td>17.3</td>
<td>14.3</td>
<td>1.5</td>
<td>85.9</td>
<td>24.5</td>
</tr>
<tr>
<td>2020</td>
<td>17.1</td>
<td>14.6</td>
<td>1.7</td>
<td>90.0</td>
<td>27.2</td>
</tr>
</tbody>
</table>

Data source: IHS Automotive (10.2018)

1) Volume for North & South America includes light commercial vehicles (definition ‘Light Vehicles’) growth 2018-2020 = Compound Annual Growth Rate / yearly average
New and upcoming Premium and Luxury models enhancing our portfolio offer

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A7 Sportback</td>
<td>Urus</td>
<td>Q8</td>
<td>Q3</td>
<td>e-tron</td>
</tr>
<tr>
<td>911 Carrera T</td>
<td>Huracàn Performante Spyder</td>
<td>A6 Avant</td>
<td>Q2 LWB (China)</td>
<td>Audi R8 Facelift</td>
</tr>
<tr>
<td>Aventador S Roadster</td>
<td>Continental GT</td>
<td>911 GT3 RS</td>
<td>A1 Sportback</td>
<td>Taycan</td>
</tr>
<tr>
<td>RS 4 Avant</td>
<td></td>
<td>A6 Sedan</td>
<td>Macan Facelift</td>
<td>Bentayga Hybrid</td>
</tr>
</tbody>
</table>

Source: Internal planning.
Strong product momentum continues in Volume segments

Source: Internal planning.
Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales

Source: Internal planning.
Improving Group Return on Sales despite significant headwinds

Return on Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>Outlook</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7%</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>6.5 - 7.5%</td>
<td>6.5 - 7.5%</td>
<td>7.0 - 8.0%</td>
</tr>
<tr>
<td>2018</td>
<td>6.5 - 7.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Industry transition
Emission costs / CO2
Performance improvement programs
## Clear Financial Targets and Milestones

### Key financial targets

<table>
<thead>
<tr>
<th>Operating return on sales</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on investment</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Division before Special Items</td>
<td>13.9%</td>
<td>14.4%</td>
<td>12-14%</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capex ratio</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R&amp;D cost ratio</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Division</td>
<td>€ 7.2 bn</td>
<td>€ 10.1 bn</td>
<td>&gt; € 9 bn</td>
<td>≥ € 10 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td>a) Net Cashflow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

---

## Earnings Quality & EPS growth

<table>
<thead>
<tr>
<th>Basis: Result 2016</th>
<th>2020 Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue (€ bn)</td>
<td>217.3</td>
</tr>
<tr>
<td>Operating profit (€ bn)</td>
<td>14.6</td>
</tr>
<tr>
<td>Profit before tax (€ bn)</td>
<td>14.8</td>
</tr>
<tr>
<td>Earnings per Pref. Share</td>
<td>10.3 €</td>
</tr>
</tbody>
</table>
CAPEX Automotive Division
(€ billion, as % of sales revenue)
R&D Costs Automotive Division
(€ billion, as % of sales revenue)
**Automotive Division-Net Cash Flow (ex Diesel payments)**

in € billion

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Flow (ex Diesel payments) in € billion</td>
<td>6.1</td>
<td>8.9</td>
<td>7.3</td>
<td>10.1</td>
<td>≥ 10</td>
<td>&gt; 10</td>
<td>&gt; 10</td>
</tr>
</tbody>
</table>

---

1) Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.
2) Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.
**Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled**

**Earnings per Share (€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.30</td>
<td>22.69</td>
</tr>
</tbody>
</table>

**Dividend per Share (€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.06</td>
<td>3.96</td>
</tr>
</tbody>
</table>

**Dividend pay-out ratio (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19.70</td>
<td>19.00</td>
</tr>
</tbody>
</table>

1) Total dividend in percent of net income attributable to shareholders of Volkswagen AG.

2) Business year 2017 adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn.
STRATEGY 2025 – Initiatives at a glance

GROW PROFITABLY
1. Sharpen positioning of brands
2. Develop winning vehicle and drivetrain portfolio
3. Streamline modular architectures
4. Partner with regional players to win in economy segment
5. Develop self-driving system for autonomous vehicles and artificial intelligence in-house
6. Develop battery technology as new core competency
7. Develop best-in-class user experience across brands and customer touchpoints
8. Implement model line organization
9. Realign “Components” business

DEVELOP STRATEGIC CAPABILITIES
10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering

ENHANCE ENTREPRENEURIAL SPIRIT
12. Improve operational excellence
13. Optimize business portfolio
14. Drive digital transformation
15. Create organization 4.0
16. Better integrated and strategic planning process
The Volkswagen Group is speeding up its transformation with the organizational realignment

<table>
<thead>
<tr>
<th>Distributed Group Functions</th>
<th>Brand Groups</th>
<th>Subsidiarity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group steering</strong></td>
<td><strong>Strong brands</strong></td>
<td><strong>Independence</strong></td>
</tr>
<tr>
<td>Lean and effective Group steering by transferring responsibilities to Group BoM members</td>
<td>Use and develop core competences of each individual brand</td>
<td>Maximum subsidiarity for responsibility at all levels</td>
</tr>
<tr>
<td><strong>Focusing</strong></td>
<td><strong>Synergies</strong></td>
<td><strong>Decision-making</strong></td>
</tr>
<tr>
<td>Group BoM focuses on strategic challenges</td>
<td>Closer cooperation between brands by bundling in brand groups</td>
<td>Efficient decision-making through swifter processing in committees, etc. and use of fewer resources</td>
</tr>
<tr>
<td><strong>„All for one and one for all“</strong></td>
<td><strong>High maturity level</strong></td>
<td><strong>Stability</strong></td>
</tr>
<tr>
<td>Shared goals</td>
<td>More intensive exchange, synchronization and harmonization on strategy issues</td>
<td>Strategy process with clear targets, content and workflows</td>
</tr>
</tbody>
</table>
Creation of Brand Groups will reduce the complexity of the Group structure

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Sport &amp; Luxury</th>
<th>Truck &amp; Bus</th>
<th>Procurement/ Components</th>
<th>Finance &amp; IT</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td>Procurement</td>
<td>VW LCV</td>
<td>Region China</td>
</tr>
<tr>
<td>Škoda</td>
<td>Lamborghini*</td>
<td>Bentley</td>
<td>Scania</td>
<td>Components</td>
<td>Škoda</td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati*</td>
<td>Bugatti</td>
<td>Power Engineering*</td>
<td></td>
<td>SEAT</td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>VW LCV</td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MOIA</td>
<td></td>
</tr>
</tbody>
</table>

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function
Focus on strategy: Resolutely making progress toward sustainable mobility

Sustainable mobility

- Efficient combustion engines and alternative drives
- Battery technology
- Charging infrastructure
- Mobility services
- Self-driving system (SDS)
Paving the way for sustainable mobility

Up to the end of **2022**: We will be putting more than **€34 bn** into e-mobility, digitalization, autonomous driving and mobility services – thereof in 2018: **€6.6 bn**

Up to the end of **2022**: Volkswagen Group and its **joint-venture partners in China** will be making around **€15 bn** available for e-mobility, autonomous driving, digitalization and new mobility services.

Also putting more than **€90 bn** into the **conventional vehicle and drive portfolio** – thereof in 2018: **€19.8 bn**
Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

- Significant improvements in consumption and emissions of gasoline engines
- All new gasoline engines will be equipped with a particulate filter
- Working on synthetic fuels produced from renewable sources
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP\(^1\) cycle
- Significantly expanding the range of CNG\(^2\) vehicles

---

\(^1\) Worldwide Harmonized Light-Duty Vehicles Test Procedure  
\(^2\) Compressed Natural Gas
Responsibilities for Electric Toolkit Architecture

- **Common modules and scale effects** save up to 30% development costs (compared to brand excl. developments)
- **Flexibility**: Architecture open for other brands to be used in the future

- **Economies of scale from use of MEB across entire Group**
- **Higher productivity and shorter manufacturing time**
- **Lower material and distribution costs**
Audi e-tron and Porsche Taycan will change the premium electric game with a range of more than 400 km.

Market launch in September 2018.

~ €500 m for the development of Taycan variants and derivatives.

Market launch in the second half of next year.
The Volkswagen Brand’s I.D. family sets the new BEV benchmark in the volume segment

Market launch early 2020 and onwards.
Strong Electrification of Product Portfolio

BEV volume per region in thousand units

- **World**
- **China**
- **Europe**
- **NAR**

- **VW ID. Lounge**
- **VW ID. Vizzion**
- **VW ID. Buzz**
- **VW ID. Crozz Audi A SUVe**
- **VW ID. Neo Porsche Taycan**

Until 2025: +50 new BEVs

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.000</td>
<td>3.000</td>
<td>4.000</td>
<td>5.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1.000</td>
<td>2.000</td>
<td>3.000</td>
<td>4.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>1.000</td>
<td>2.000</td>
<td>3.000</td>
<td>4.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAR</td>
<td>1.000</td>
<td>2.000</td>
<td>3.000</td>
<td>4.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Audi e-tron**
- **VW ID. Lounge**
- **VW ID. Vizzion**
- **VW ID. Buzz**
- **VW ID. Crozz Audi A SUVe**
- **VW ID. Neo Porsche Taycan**

Until 2025: +50 new BEVs
Advances in battery technology will improve range, weight and costs

* basis: eGolf with comparable battery volume

Energy density, or volumetric energy density, reflects volume in liters (Wh/l).

Lithium ion technology

- 2014: 190 km, 230 Wh/l
- 2017: 300 km, 410 Wh/l
- 2018: 380 km, 650 Wh/l
- 2020: 420 km, 700 Wh/l

New battery technologies

- 2025: 700 km, 1000 Wh/l (all solid state)
- 2025: 500 km, 800 Wh/l (improved anode and cathode)
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh

- Battery system
- Battery cell
Roadmap E - E-mobility model offensive of the Volkswagen Group

- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- MEB: € 50 bn battery cell procurement volume up to 2025, of which € 40 bn has already been awarded to suppliers

- At least one electrified version for each of the Group’s 300 or so models
Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys

Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation

20 stations in multiple European countries started in 2017

IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020

A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems

Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

---

2) The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.
Electrify America - Powering electric mobility

**Investment of $2 billion over 10 years** in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

**Open network** for all (even group external) OEMs and business partners

Highway sites every 70 miles on average, but no more than 120 miles apart, so shorter range ZEVs available today will be able to use this network

Public access for all ZEV drivers will be ensured through multiple technologies (Level 2 and DC fast charging: CCS Combo and Chademo connectors)

Station chargers will be extremely powerful, capable of delivering 150 kW or 350 kW to vehicles

1st cycle: We will establish a network of ~4,700+ non-proprietary electric vehicle chargers in 17 metros and on highways in 39 states

Source: Electrify America
Successful launch of MOIA Shuttle at end of 2017, customers show a high demand for this alternative form of mobility

- Prepared for Shadow/ security driver mode
- MOIA branded
- Unique recognizable design
- Connected to backend
- Customized interior with high comfort/ connectivity
- App-based ride pooling service
  - 6 passenger seats with high privacy
- Electric door concept
- BEV with > 300 km real range

- Test phase in Hanover with 2,000 users under way
- **Project start** in Hamburg at **end-2018**: fleet will be expanded to 200 vehicles in the first phase
- **Further cities** planned
Intensified efforts to develop autonomous vehicles

- **Autonomous Audi TTS “Shelley” climbs Pikes Peak**
- **SEDRIC is Volkswagen Group’s first Level 5 vehicle**
- **Strategic partnership with Aurora**
- **Urban Shuttle/Carrier/Pod**

**Timeline:**
- **2005**
  - “Stanley” Winner Darpa Grand Challenge
- **2010**
- **2017**
- **2018**
  - Volkswagen Group >200 AV related patents
  - MOIA Battery Electric Special Purpose Shuttle
- **2021+**
  - Personal Autonomous Vehicles
Driving forward Strategy 2025: Implementation is accelerating

- ROADMAP E launched
- Center of Excellence for battery technology established
- Joint venture for rapid charging network in place
- SEDRIC developed and presented
- Joint venture with JAC created for e-mobility
- MOIA pilot started and shuttle presented
- New technology partnerships agreed
- Realignment of Group Components approved
- Positioning of Group brands sharpened
- Board Digitalization Committee established
Driving forward Strategy 2025: Implementation is accelerating II

- Autonomy for Truck & Bus making good progress
  - TRATON GROUP

- Volkswagen Components becomes independent entity from January 2019
  - Components

- Fuel cell technology partnership agreed

- Product & technology offensive in China agreed
  - JAC, SEAT

- Strategic cooperation in discussion

- Turnaround in South America initiated

- INDIA 2.0 project launched
  - Volkswagen, Škoda

- Volkswagen becomes largest shareholder
  - QuantumScape
Volkswagen AG and Ford to explore Strategic Alliance, extend Capabilities, strengthen Competitiveness and better serve Customers

Volkswagen AG and Ford Motor Company announced a Memorandum of Understanding

- **Explore Strategic Alliance**
  - Volkswagen AG and Ford are exploring a strategic alliance.

- **Extend Capabilities & Better Serve Customers**
  - The companies are investigating several joint projects – including joint development of a range of commercial vehicles to better serve the evolving needs of customers globally.

- **Strengthen Competitiveness**
  - Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.

- **Equity Arrangements not involved**
  - Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.

---

1) As of June 19th, 2018.
Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**

2. Convincing holistic **TOGETHER – Strategy 2025** with embedded financial **KPI Targets**

3. Comprehensive **E-Strategy**

4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains

5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders

6. Upside Potential in **Core and Developing Markets**

7. Lead Position in **China**

8. **TRATON** Global Champion Potential and clear plan to achieve **Capital Market Readiness**

9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees

10. Priority to work on protecting our **Society** and **Environment** for future generations also focusing on **Sustainable Supplier Relations**

**Overarching vision is to become a World-leading Provider of Sustainable Mobility**
### Overview Brand Targets (RoS, RoE)

#### Return on Sales in %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>6.7</td>
<td>7.4</td>
<td>6.5-7.5</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Volkswagen Brand</td>
<td>1.8</td>
<td>4.1</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td>Audi</td>
<td>8.2</td>
<td>8.4</td>
<td>8-10</td>
<td>8-10</td>
<td>8-10</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>17.4</td>
<td>18.5</td>
<td>&gt;15</td>
<td>&gt;15</td>
<td>&gt;15</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>8.7</td>
<td>9.7</td>
<td>8-9</td>
<td>6-7</td>
<td>≥7</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>4.1</td>
<td>7.2</td>
<td>5-6</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td><strong>TRATON</strong></td>
<td>2016</td>
<td>2017</td>
<td>Target 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6.9</td>
<td>6-7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Return on Equity (norm. 8%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Financial Services</td>
<td>15.6%</td>
<td>15.8%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

---

1) Before special items. 2) For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. 3) Strategic target the Truck and Bus Business wants to achieve over the cycle.
Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

**STRENGTHEN CORE BUSINESS**
2% RoS\(^1\)

- SUV Offensive
- Turnaround in the Regions
- Brand Positioning
- Productivity / Costs
- New Skills

**LEAP TO THE TOP OF ELECTRIC MOBILITY**
≥ 4% RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

**MAJOR TRANSFORMATION**
≥ 6% RoS

- New Business Models
- New Mobility solutions
- Autonomous Driving

**GLOBAL MARKET LEADER IN AUTOMOBILITY**
> 6% RoS

\(^1\) Before special items.
### Volkswagen Brand Clear Financial Targets and updated Milestones

<table>
<thead>
<tr>
<th></th>
<th>Forecast 2018</th>
<th>Target 2020</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue</strong></td>
<td>up to +10 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating return on sales</strong></td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
</tr>
<tr>
<td><strong>Capex ratio</strong></td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td><strong>R&amp;D ratio</strong></td>
<td>~4 %</td>
<td>4 %</td>
<td>4 %</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>Positive operating cash flow&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>&gt; €1 bn</td>
<td>&gt;&gt; €1 bn</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Before special items.
Further roll-out of MQB offers substantial benefits for Volkswagen Brand

MQB share in overall production (percent | rounded)
Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

| Working Group 1 | Increase of productivity by 25%  
|                 | Reduction of plant costs |
| Working Group 2 | Increase of productivity by 25%  
| Components      | Discontinuation of unprofitable products |
| Working Group 3 | Reduction of hardware-oriented  
| Technical       | development work  
| Development      | Increased efficiency in development processes |
| Working Group 4 | Reduction of bureaucracy |

Secure the Future

- 4 additional models:  
  2 conventional and 2 MEB vehicles

- Investments in:  
  - Electric drive trains  
  - Pilot facility battery cell  
  - Battery system

- Competency/capacity increase in autonomous driving, electrification, connectivity etc.

- Creation of employment in new business segments

Reduction in workforce based on demographic curve

1) ~ 9,350 early retirement contracts signed in 2017.
Core challenges in the commercial vehicle industry

**Cyclical markets**
- Strong correlation to GDP in developed world
- Not all regions hit by economic downturns at the same time

**Further globalization**
- The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry

**Emission regulations**
- Europe with aggressive regulations, focus shifting to e-mobility and alternative fuels
- Emerging Markets also have ambitious roadmap

**Connectivity & digitalization**
- Platooning and partly-autonomous driving as transition solutions
- Data management for customers and traffic of broad interest (e.g. RIO for digital solutions)

**After sales and future business models**
- After sales increasingly important as alternative source of revenues
- Future business models (e.g. connectivity, clean driving) to actively shape the future of transportation

The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry.
Shaping the future of the Commercial Vehicles business

Global Champion strategy

• Striving to become a Global Champion of the truck and transport services industry.
• Further expanding brands’ presence and utilizing strong network of strategic partners to access all major profit pools.
• Aiming to realize significant synergies through cooperation between TRATON’s brands and strategic partners (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
• Goal is to become an industry leader in terms of profitability.
• Future business model: develop solutions for future transportation (in such areas as autonomous driving, electrification and connectivity).
• RIO, the digital brand, as connectivity environment, coordinating partner services within the Group.

Project "Next Level"

• Further increase the company’s maturity, efficiency and innovativeness.
• Achievement of capital market readiness: meet technical and structural requirements of the capital market.
• Changed name and legal structure from Volkswagen Truck & Bus GmbH to TRATON AG and in a second step into a Societas Europaea (SE).
• Focus on Commercial Vehicles. Agreement on the sale of MAN SE’s stake in MAN Energy Solutions SE and RENK AG to subsidiary of VW AG.
• IPO is just one of several options. Dependent on the market environment and economic conditions.
• Final decision of higher regional court (Oberlandesgericht) in appraisal proceeding to MAN SE regarding DPLTA. In addition DPLTA has been terminated with effect as of January 1, 2019.

31 Sale is intended to be completed by year-end 2018. 32 Domination and Profit and Loss Transfer Agreement between MAN SE and TRATON AG.
Volkswagen Financial Services¹): global, well diversified and successful

Strong global presence

Rising penetration rates

Continuous portfolio expansion

in ‘000 contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>3,163</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>3,567</td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,712</td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,983</td>
<td>4,551</td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>4,946</td>
<td>5,560</td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>4,549</td>
<td>5,833</td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>6,322</td>
<td>6,155</td>
</tr>
<tr>
<td>2015</td>
<td>6,218</td>
<td>7,641</td>
<td>5,672</td>
</tr>
<tr>
<td>2016</td>
<td>7,641</td>
<td>7,632</td>
<td>5,871</td>
</tr>
<tr>
<td>2017*</td>
<td>7,641</td>
<td>7,632</td>
<td>5,871</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>7,632</td>
<td>7,632</td>
<td>5,871</td>
</tr>
</tbody>
</table>

Total portfolio 17,646

Diversified funding structure

Equity, liabilities to affiliated companies, other

30.09.2018: € 200.8 bn

3¹ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

Asset backed securitization

Bonds, Commercial Paper, liabilities to financial institutions

Customer deposits

w/o China

with China

26.4% 25.0% 24.7% 25.4% 27.5% 28.9% 30.6% 31.3% 33.1% 33.1% 33.7%

32.5% 32.9% 34.9% 36.3% 40.7% 44.3% 44.5% 46.9% 48.7% 47.8% 49.3%
Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries (’000 units)</th>
<th>Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>300</td>
<td>3.0</td>
</tr>
<tr>
<td>2013</td>
<td>280</td>
<td>2.6</td>
</tr>
<tr>
<td>2014</td>
<td>260</td>
<td>2.2</td>
</tr>
<tr>
<td>2015</td>
<td>240</td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td>220</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>295</td>
<td>2.0</td>
</tr>
<tr>
<td>1-10 2017</td>
<td>250</td>
<td>2.0</td>
</tr>
<tr>
<td>295</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>

SUV offensive #1
2017
- Atlas
- Tiguan
- Refreshed Golf

New Sedans
2018-19
- Jetta
- Passat
- Arteon

SUV offensive #2
2019-21
- Midsize SUV 5s
- Compact SUV
- ID Crozz

+5.4%
A product offensive is initiating a new growth phase in South America

<table>
<thead>
<tr>
<th>Product offensive in South America</th>
<th>Key measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo G</td>
<td>• Restructuring: reduce capacities and fixed costs</td>
</tr>
<tr>
<td>Virtus</td>
<td>• Increase productivity, align products to local requirements</td>
</tr>
<tr>
<td>Small SUV Global</td>
<td>• Product offensive, €2.5bn investment</td>
</tr>
<tr>
<td></td>
<td>• New brand positioning</td>
</tr>
<tr>
<td></td>
<td>• New growth strategy for Latin America</td>
</tr>
</tbody>
</table>
Volkswagen Group China performance (January to October 2018 vs. 2017)

Proportionate operating profit, January to September (in € billion)

Volkswagen Group China performance (January to October 2018 vs. 2017)
Key focus on the development of the SUV market in China¹)

Deliveries by body style in China (in ’000 units)

<table>
<thead>
<tr>
<th>Total market</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>22,835</td>
<td>23,852</td>
<td>24,102</td>
</tr>
<tr>
<td>SUV</td>
<td>16,460</td>
<td>17,713</td>
<td>18,772</td>
</tr>
<tr>
<td>MPV</td>
<td>4,184</td>
<td>4,040</td>
<td>3,969</td>
</tr>
<tr>
<td>Hatchback</td>
<td>69%</td>
<td>66%</td>
<td>67%</td>
</tr>
<tr>
<td>Sedan</td>
<td>7%</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Volkswagen Group China SUV share

In 2017 Volkswagen Group China increased SUV deliveries by 32% to a SUV share of 18%.

We expect that in the year 2020 at least 40% of all Volkswagen Group vehicles sold in China will be SUVs

Data source: CPCA
The second half of 2018 is characterized by a firework of locally produced models hitting the Chinese market.

- T-Roc L
- Volkswagen Tharu
- Tayron
- Audi Q2 L
- ŠKODA KODIAQ GT
- New Bora
- Gran Lavida
- Tiguan L PHEV
- E20X

Pictures show a limited selection of cars that will be launched during H2 2018 in China.
Volkswagen Group China opens new factories to strengthen SUV offensive and e-Mobility

Production capacity will increase

- New vehicle plants
- Vehicle plants expansions
- New component plants
- Component plant expansion
- Existing plants

Factories starting in 2018

**Tianjin**
- SUV models for Volkswagen and Audi including PHEV models
- Component plant for chassis

**Qingdao**
- New Bora & 2 Audi models on MQB platform
- ICE & EV production on one production line
- Production of battery systems

**Hefei**
- Production of JAC Volkswagen’s brand first production model – battery electric E20X

**Foshan**
- Focus on SUVs (Audi & VW)
- Additional factory at the production site
- MQB platform will be electrified
- Battery system assembly and MEB to follow
Volkswagen Group China is accelerating the introduction of locally produced NEVs

**Introduction of locally produced NEV**

**Phase 1**
- Plug-in hybrids based on current toolkits

**Phase 2**
- Pure electric vehicles based on current toolkits

**Phase 3 (start 2020/21)**
- Pure electric vehicles based on scalable electric toolkit

**Mass market BEV cooperation**
E-mobility model offensive of the Volkswagen Group in China

During the next two years:
>30 new NEV models of all our brands
50% of them locally produced

Until 2025
Almost 40 locally produced NEV models
Plan to invest around €10 bn in e-mobility
Prepared to deliver 1.5 million NEVs in 2025
### Special Items: Diesel related and other

<table>
<thead>
<tr>
<th>Year</th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>€ (bn)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diesel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>7.0</td>
<td>0.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Other items</td>
<td>9.2</td>
<td>0.2</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16.2</strong></td>
<td><strong>0.7</strong></td>
<td><strong>16.9</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Truck Business</td>
<td>0.2</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Passenger Cars South America</td>
<td>0.2</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Airbags Takata</td>
<td>0.3</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Scania Anti-Trust Proceedings</td>
<td>0.4</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Others</td>
<td>0.7</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.1</strong></td>
<td></td>
<td><strong>1.1</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td><strong>16.9</strong></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td><strong>7.5</strong></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td><strong>3.2</strong></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td><strong>2.4</strong></td>
</tr>
<tr>
<td><strong>Total to date</strong></td>
<td></td>
<td></td>
<td><strong>30.0</strong></td>
</tr>
</tbody>
</table>

A significant amount of the Diesel Dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized. Cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018.
Resolving the diesel crisis: Substantial progress in all markets

Worldwide recall/service campaigns driven forward:
Software Flashes in Germany currently 96% complete; Substantial progress also in Europe (77%) and worldwide (71%)

Major progress in modifications in North America:
Around 90 percent of the 2.0l and 3.0l TDI vehicles affected in the U.S. have already been retrofitted, bought back, or otherwise remediated (as of June 2018)
We have reached the targets set by EPA and Carb for the 2.0L settlement and are on track to achieve the targets in the 3.0L settlement within the specified timeframe.

Group environmental incentive made significant contribution to improving air quality in German cities:
More than 240,000 customers decided to switch to environmentally friendly vehicles (terminated by 30.06.2018)

Electrify America underway:
Investment plan for zero emissions vehicles (ZEV) approved by authorities and implementation has already started

Timeframe of legal proceedings expected to be long!

Status: July 2018
With “Together4Integrity” we have launched a Group-wide integrity and compliance program

**RISK MANAGEMENT**
Ethics and compliance risks are identified, owned, managed and mitigated

**SPEAK-UP ENVIRONMENT**
The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

**STRATEGY**
Ethics and compliance is central to business strategy

**CULTURE OF INTEGRITY**
Leaders at all levels across the organization build and sustain a culture of integrity

**RESOLUTE ACCOUNTABILITY**
The organization takes action and holds itself accountable when wrongdoing occurs
We need to foster and live a new culture

- Fair competition instead of war
- Brand collaboration instead of internal rivalry
- Open and honest instead of backdoor approach
- Transparent communication instead of corral mentality
- Multicultural instead of “Mittellandkanal”
- Decentralized instead of centralistic
- More Pikes Peak instead of Le Mans
Overview of timeline and 1st Monitor Audit-Report

Structure
- 50 pages, 14 chapters + 1 Appendix
- two violations are referenced
- seven “recommended actions to achieve compliance” with the Consent Decrees are separately embedded

Further information online available at: https://www.vwcourtsettlement.com/en/2-0-models/
# Upcoming tasks and Counter-Measures

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Counter-measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close the Gaps in Operating Profit, CapEx, R&amp;D !</td>
<td>Push efficiency programs, discipline vs. securing the future</td>
</tr>
<tr>
<td>Cash is King !</td>
<td>Stick rigorously to cash generation targets</td>
</tr>
<tr>
<td>Sustain ICE margins &amp; secure EV margins !</td>
<td>Reach CO2 requirements</td>
</tr>
<tr>
<td></td>
<td>Timely launches, attractive products and pricing strategies</td>
</tr>
<tr>
<td>Reduce Complexity !</td>
<td>Delete certain derivatives and engine combustion combinations</td>
</tr>
<tr>
<td>RoI does matter, too !</td>
<td>Prioritisation of projects, platform discipline and multi-brand factories</td>
</tr>
</tbody>
</table>
Volkswagen AG

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services

Volkswagen Financial Services Korea Company Limited

Gavin Zhong
### Volkswagen Group – Rating Volkswagen AG

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>S&amp;P Global</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long Term</strong></td>
<td><strong>Short Term</strong></td>
<td><strong>Long Term</strong></td>
</tr>
<tr>
<td><strong>20 March 2018</strong></td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td><strong>07 November 2017</strong></td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td><strong>30 June 2015</strong></td>
<td>A</td>
<td>A-1</td>
</tr>
</tbody>
</table>

**Outlook:**
- Stable for all ratings.
- Negative for Moody's rating on 20 March 2018.
Volkswagen Group Funding Strategy – Overview

1) as of September 30, 2018

Diversification of Funding Sources

- Hybrid Bonds: 6%
- Commercial Paper: 8%
- Medium Term Notes / Bonds: 33%
- Bank Loans: 19%
- ABS: 19%
- Direct Banking Deposits: 15%

Currencies – Breakdown

- EUR: 65%
- USD: 11%
- GBP: 11%
- CAD: 3%
- AUD: 2%
- SEK: 4%
- JPY: 1%
- CNY: 1%
- other²: 2%

² BRL, CZK, INR, MXN, NOK, NZD, RUB, TRY

Source: Volkswagen Group
# Volkswagen Group – Funding Programs & Outstandings
September 30, 2018 in € billion

## Money and Capital Markets

<table>
<thead>
<tr>
<th></th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>16.2</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>66.4</td>
</tr>
<tr>
<td>thereof: Hybrid Bonds</td>
<td>12.5</td>
</tr>
<tr>
<td>ABS</td>
<td>36.8</td>
</tr>
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</table>

## Borrowings

<table>
<thead>
<tr>
<th></th>
<th>Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Lines</td>
<td>18.3</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>26.9</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>24.2</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>./</td>
</tr>
</tbody>
</table>

Frame: Volkswagen AG | November, 2018
Volkswagen Group Funding Strategy – Maturity Profile (in € million)\(^1\)

\(^1\) as of September 30, 2018
Source: Volkswagen Group
Volkswagen Group Funding Strategy – Main Guarantors and Issuers

**Volkswagen AG**
- BBB+ (s) / A3 (s)
- Volkswagen International Finance N.V.
- Volkswagen Group of America Finance, LLC
- Volkswagen Credit Canada, Inc.

**Volkswagen FS AG**
- BBB+ (s) / A3 (s)
- Volkswagen Financial Services AG
- Volkswagen Financial Services N.V.
- Volkswagen Leasing GmbH

**Volkswagen Bank GmbH**
- A-** (n) / A1 (s)

**Credit Ratings from Standard&Poors / Moody’s**
- BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating

Volkswagen AG | November, 2018
Volkswagen Group Funding Strategy – Major Issuances in 2018

March: CAD 1.50bn Volkswagen Credit Canada, Inc.

April: EUR 2.25bn Volkswagen Financial Services AG

June: EUR 2.00bn Volkswagen Bank GmbH
      EUR 2.75bn Volkswagen International Finance N.V. - Hybrid Bond

August: EUR 2.50bn Volkswagen Leasing GmbH

October: EUR 2.60bn Volkswagen Financial Services AG

November: USD 8.00bn Volkswagen Group of America Finance LLC
          CAD 0.75bn Volkswagen Credit Canada, Inc.
          EUR 4.25bn Volkswagen International Finance N.V.
          GBP 0.80bn Volkswagen International Finance N.V.
Automotive Division – Net Cash Flow drives solid Net Liquidity

(January to September 2018)

Automotive Net Cash Flow

€ 3.5bn

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount (€ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2017</td>
<td>22.4</td>
</tr>
<tr>
<td>Diesel Outflow</td>
<td>-3.3</td>
</tr>
<tr>
<td>Operating Business</td>
<td>3.7</td>
</tr>
<tr>
<td>China Dividend</td>
<td>3.1</td>
</tr>
<tr>
<td>Hybrid bond</td>
<td>1.5</td>
</tr>
<tr>
<td>Dividend pay-out to VW AG shareholders</td>
<td>-2.0</td>
</tr>
<tr>
<td>Other</td>
<td>-0.6</td>
</tr>
<tr>
<td>9/30/2018</td>
<td>24.8</td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Under the brand “Volkswagen Financial Services – the key to mobility” the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.
**Volkswagen Group Structure**

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Sport &amp; Luxury</th>
<th>Truck &amp; Bus</th>
<th>Procurement/ Components</th>
<th>Finance &amp; IT</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td>Procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Škoda</td>
<td>Lamborghini*</td>
<td>Bentley</td>
<td>Scania</td>
<td>Components**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati*</td>
<td>Bugatti</td>
<td>Power</td>
<td></td>
<td></td>
<td>Region China</td>
</tr>
<tr>
<td>VW LCV</td>
<td></td>
<td></td>
<td>Engineering*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function
Volkswagen Group – Group structure of Volkswagen Financial Services
We offer the whole range of services under one roof*

*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

[Diagram showing the range of services offered by Volkswagen Financial Services, including Bank, Leasing, Insurance, Mobility, and Payment services.]

Volkswagen Financial Services

**BANK**
- Bank
  - Retail Financing
  - Wholesale Financing
  - Factoring
- Direct Bank
  - Deposits
  - Installment Credit
  - Investment Products

**LEASING**
- Leasing
  - Finance Lease
  - Operating Lease

**INSURANCE**
- Insurance
  - Motor Insurance
  - Warranty Insurance
  - GAP Insurance
  - Credit Protection Insurance
  - Industry

**MOBILITY**
- Services
  - Service & Full and Limited Maintenance
  - Tyres

- Fleet Management
  - Multi-brand capability
  - Reporting
  - Fleet Consulting
  - Telematics
  - LifeCycle Services

- Charge & Fuel
  - Fuel and Service Cards
  - Charge & Fuel Card

- Rental
  - Long-term Rental
  - Short-term Rental
  - Micro Rental
  - Car sharing

- Parking
  - Payment for parking space
  - Services around parking
  - On- and off-street solution

- Payment
  - Payment platform
  - Mobile Payments
  - Mobile Wallet

Frequency of customer contact 81
## At a Glance (06/30/2018)

### Volkswagen Bank GmbH

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 84.3 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 11.4 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 33.7 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 567 m</td>
</tr>
<tr>
<td>Employees</td>
<td>3,584</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>5.7 m</td>
</tr>
</tbody>
</table>

### Volkswagen Financial Services AG

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 73.6 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 8.0 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>68.5 m</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 329 m</td>
</tr>
<tr>
<td>Employees</td>
<td>8,449</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>8.4 m</td>
</tr>
</tbody>
</table>

### Business Volume* € 68.4 bn

- Leasing: € 25.3 bn
- Credit: € 30.0 bn
- Dealer financing: € 13.1 bn

### Business Volume* € 51.5 bn

- Leasing: € 31.5 bn
- Credit: € 16.1 bn
- Dealer financing: € 3.9 bn

* Receivables + Leased Assets
Contract Portfolio

Continuous portfolio expansion

Volkswagen Bank GmbH
In '000 units

Volkswagen Financial Services AG*
In '000 units

2011 2013 2015 2017 HY 18

Insurance/Services
Credit
Leasing

2,055 2,351 2,820 5,534 5,711

1,760 1,489 2,462

Volkswagen Financial Services

8,848 12,081

8,524 8,397

85%

*Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016
Credit Risk is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

Other relevant risk types:
- Residual Value Risk
- Earning Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2017
Credit risk remains at low level despite challenging market environment

- **Dynamic Loss Ratio**
- **Total Provision Ratio**

**Total Provision Ratio according to IAS 39** = total provisions in proportion to the total receivables’ volume at reporting date

**Dynamic Loss Ratio** = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)
Generally, Automotive and Financial Services Division are operating “at Arms Length” when setting residual values. Adequate provisioning for our existing portfolio is done on the basis of a regular portfolio assessment.

All residual value risks are completely covered by provisions and equity according to IAS 36.
Strategic Funding Allocation as of June 30, 2018

**Volkswagen Bank GmbH**
Total € 84.3 bn

- Liabilities to affiliated companies € 5.1 bn (6.1%)
- Customer Deposits € 33.7 bn (40.2%)
- Others € 4.2 bn (5%)
- Commercial Paper € 2.5 bn (3%)
- Liabilities to financial institutions € 7.4 bn (8.9%)
- Equity € 11.4 bn (13.6%)
- Asset Backed Securitization € 9.7 bn (11.6%)
- Bonds issued € 9.7 bn (11.6%)
- Debt Capital Markets

**Volkswagen Financial Services AG**
Total € 73.7 bn

- Liabilities to affiliated companies € 10.3 bn (14%)
- Customer Deposits € 0.1 bn (0.1%)
- Commercial Paper € 2.4 bn (3.5%)
- Liabilities to financial institutions € 10.9 bn (14.7%)
- Equity € 8 bn (10.8%)
- Asset Backed Securitization € 12.3 bn (16.8%)
- Bonds issued € 23.8 bn (32.3%)

**Strategic Funding Mix**
Worldwide Capital Market Activities

**VW Leasing Mexico**
MXN 20 bn Dual CP + MTN Program

**VW Bank Mexico**
MXN 7 bn Debt Issuance Program

**VDF Turkey**
Domestic TRY Bond Issuances

**Banco VW Brazil**
Domestic Letra Financeira

**VW FS Group**
€ 5 bn CP Program
€ 25 bn Debt Issuance Program

**VW Bank**
€ 2.5 bn CP Program
€ 10 bn Debt Issuance Program

**VW FS Korea**
Domestic KRW Bond Issuances

**VW FS Japan**
JPY 60 bn ECP Program

**VW Finance (China)**
Domestic RMB Bond Issuances

**VW FS Australia**
AUD 3 bn Debt Issuance Program

* Guarantee Volkswagen Financial Services AG Volkswagen Bank GmbH Programs
Worldwide ABS Activities

- **Volkswagen Bank GmbH Programs**
  - **VW Leasing/DutchLease**
    - VCL Master
    - DFM
    - DFM Master
  - **VW Bank France**
    - Driver France program
  - **Banco VW Brazil**
    - Driver Brasil program
  - **VW Finance Spain**
    - Driver España program
  - **VW Bank Italy**
    - Driver Italia program

- **VW FS Australia**
  - Driver Australia program
  - Driver Australia Master

- **VW Finance China**
  - Driver China program

- **MAN Financial Services**
  - Trucknology
  - **VW Bank**
    - Driver program
    - Driver Master
  - **VW Leasing**
    - VCL program
    - VCL Master

- **VDF Turkey**
  - Driver Turkey Master

- **VW FS UK**
  - Driver UK program
  - Driver UK Master

- **VW FS Japan**
  - Driver Japan program
Volkswagen Financial Services follows consequently its vision and the targets of Route2025.
ROUTE 2025 | Our Focus Topics

Digitalization

Operational Excellence

Mobility Services

Used Car Business
Outlook


We anticipate that the trend toward an increase in new contracts and growth in the portfolio of current contracts from previous years will continue. In addition, we assume that we will be able to keep our 2018 penetration rate at 2017 levels in a vehicle market generally expected to expand more slowly. We expect the business volume to increase slightly.

Assuming that margins remain stable, the operating profit in fiscal year 2018 is expected to **be at the level achieved** in fiscal year 2017.

(This forecast is based on the current corporate structure of Volkswagen Financial Services AG and does not take into account any future changes that may result from the restructuring program that has been initiated.)


We anticipate that we will be able to sustain stable levels of new contracts, current contracts, penetration and volume of business in 2018. The volume of deposits is also projected to remain stable in 2018.

We expect the operating profit for fiscal year 2018 to be **moderately below the level achieved** in fiscal year 2017 because of the positive nonrecurring items recognized in 2017.

(This forecast is based on the current corporate structure of Volkswagen Bank GmbH and does not take into account any future changes that may result from the restructuring program that has been initiated.)
Volkswagen AG

Lennart Schmidt – Investor Relations Manager

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Korea Company Limited

Gavin Zhong
Agenda

1. Korea Car Market
2. Introduction of VWFS Korea
Total Passenger Car Market Development Since 2005


1) Growth % of total market is based on YTD2018 vs. YTD2017
Import Passenger Car Market Development Since 2005

Agenda

1. Car Market and VW Group Performance

2. Introduction of VWFS Korea
# Quick Facts About Volkswagen Financial Services Korea

<table>
<thead>
<tr>
<th>Managing Directors</th>
<th>Hyunggyu Kang, Gavin Zhong</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company Name</strong></td>
<td>Volkswagen Financial Services Korea</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>85</td>
</tr>
<tr>
<td><strong>Date of Establishment</strong></td>
<td>Jul-10</td>
</tr>
<tr>
<td><strong>Paid-in Capital</strong></td>
<td>KRW 20 billion</td>
</tr>
<tr>
<td><strong>Earning Assets</strong></td>
<td>KRW 1 trillion. (Dec. 2017)</td>
</tr>
</tbody>
</table>
VWFS Korea Product Spectrum

Financial Services

Brand

Demo/Company Car
- Hire purchase
- Operating lease

Extended Warranty

Dealer

Stock Finance
- New car
- Used car

Demo/Company Car
- Hire purchase
- Operating lease

Equipment Finance

Commercial Insurance

End Customer

New Car & Used Car
- Hire purchase
  • Classic
  • Step
  • Balloon
- A/R factoring
- Operating lease
- Capital lease
- Bundle

Motor Insurance
Extended Warranty

Retail Product

Wholesale Product
From 2018 to 2023, FS expects to grow ØEA, Portfolio and Pbt with a 24% CAGR.
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SEAT Tarraco
Bentley Bentayga Hybrid
Lamborghini Urus
Ducati Diavel 1260
Volkswagen Crafter Combi
Scania G 450 XT 8x4